

INFORMATION REPORT

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1. The Overseas Chinese Aviation Corporation, the headquarters of which is in Tientsin, is a reorganization of the Chinese airline, the Great China, or Dah Hwa Aviation Corporation which was founded in 1946 by a Canadian, Bailey, largely with overseas Chinese capital from Canada. The airline suffered difficulties because its founder was unwilling to pay squeeze, and only in 1948 received a license for limited flights in South China. The delay in issuing the license caused many of the shareholders to withdraw their capital, so that the company became short of funds. Some of the remaining shareholders have sold out to persons in Communist China and some still hold property in the reorganized firm.
2. At the beginning of 1950, the new firm received a license from the Communist Ministry of Communications to fly scheduled trips inside China and from certain cities inside China to Hong Kong. The firm has a few Catalinas, not completely paid for, of which several are still in Manila awaiting financial clearance. Other planes belonging to the original company no longer appear to be available because of differences between former and present shareholders. Material transferred from the old to the new company consists largely of blueprints and files of not very useful information on surveys of flying business and routes in China, and of real assets of little value.
3. The major problem facing the firm is personnel, since overseas Chinese are unwilling to enter Communist China. No Canadian Chinese have accepted jobs promised within China and few trust the present government, although job offers by the firm are attractive on the surface. One inducement offered prospective employees is the privilege of converting part of the salary into foreign currency for transfer to families abroad.
4. According to the owners of the airline, the Peiping government plans to supervise the company, and the new managing director does not inform shareholders of operations details. In the absence of an overseas Chinese staff, the firm expects to have to employ Soviet technicians. The management feels that the reason the Communist government permitted the firm to operate and encourages private air enterprise is to draw overseas capital and technical skill into the country and to build up a nucleus of capable Chinese aviation, wireless, mechanical and technical personnel.

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